

# Hog Margin Outlook

Meeting Your Marketing Needs

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Tuesday, October 05, 2010

Hog Prices: ↑ Soymeal: ↑  
Corn: ↑ Cdn Dollar: ↑

US Slaughter	
422,000	— Monday's
431,000	— Monday's (year ago)
US Iowa/Sthrn MN	\$75.66
Western Corn Belt	\$75.53
Daily National Price	\$80.79
Daily Sig3(M.Leaf)	\$141.69
Daily Sig4(M.Leaf)	\$146.76
4-Month Fwd Avg	\$129.76
#1 Export Sows (+500lbs)	\$50.00 cwt
<b>B of C Ex. Rate (Noon)</b>	
\$1.0234CAD / \$.9771US	
<b>Cash Prices: Week Ending October 1st, 2010</b>	
67.98/149.86	Signature #3
68.41/150.81	Signature #4
67.06/147.85	MPMC Cash
64.86/142.98	Springhill

*This information is intended to help you make pricing decisions. Opinions given do not guarantee any future events or performance. Any unauthorized distribution of the HMO is prohibited without the consent of the author.*

## Forward contract prices opened higher this morning.

Cash markets are trading lower again this morning as packers are finding it easier to source live supplies, holding back on significantly increasing production. Wholesale pork markets have stabilized, with pork bellies trading near steady after a \$30/cwt drop last week. Lean hog futures are tending to decline as both technical and fundamental indicators reflect a bearish trend. Like other agricultural commodities, lean hog futures have experienced significant impacts from fund activity as they grew their net position to a record large 50,000 contracts last week. Nearby contracts could be exposed to significant declines should the funds start to sell out of their positions, following the technical indicators.

## Canadian delivered soymeal prices opened higher this morning.

A lack of fresh news regarding soybeans is keeping attention on outside markets, as record-high gold futures and a weaker U.S. Dollar underpin prices. Strong export demand remains a supportive feature, offsetting pressure as a record soybean crop enters the supply pipeline.

## Canadian delivered corn prices opened higher this morning.

Corn markets opened higher this morning after sinking nearly 11% last week under pressure from larger-than-expected corn supplies in the U.S. The increase came despite the USDA announcement that 37% of corn had been harvested in the U.S., compared to 27% last week. In Illinois alone, harvest is 74% complete.

	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Fixed Forward Range (Maple Leaf Sig. #3)		123.86 127.13	122.64 128.53	124.51 133.87	135.28 137.15	135.24 138.98	139.77 149.69	150.86 152.75	150.86 154.64	
(Maple Leaf Sig. #4)		123.11 129.08	123.66 129.26	125.92 130.82	132.99 134.99	133.86 136.76	137.27 143.12	145.36 147.92	147.55 150.11	
Estimated Hog Margin		6.61	7.21	9.97	15.18	16.39	18.62	25.12	25.84	
Soymeal Delivered	353	355	356	354	358	358	361	361	364	364
Corn Delivered	199	199	199	201	203	205	207			



## Rothsay Animal Vegetable Feed Fat

\$688/tonne ↓ (2 – 19 mt)

To place your order call 1-866-768-4729

\*Price quoted is FOB Southeast Manitoba

## CONGRATULATIONS

**Waldheim Colony Farms Ltd.**

Winner of the Sept. 2010 Sow and Boar Lottery